HOSIERY MILLS

THOMAS S. GUGGENHEIM
PRESIDENT

January 6, 1984

Ms. Susan Schoenecker
Licensing Manager
Nintendo of America Inc.
4820-150th Avenue NE
P.O. Box 957
Redmond, WA 98052

Dear Susan:

Many thanks for your letter of December 20 and the contracts delineating willingness to extend our contract into 1984 with no additional financial obligation.

We also have the agreements that clearly indemnify us relative to the threatened law suits over the name Donkey Kong. The trouble with these two documents is that they are after the fact. The threatened law suits did their damage at a time when there was interest in Donkey Kong and when we expected to sell the merchandise. As you know, time is everything in sales and once that period of time expired and once our potential customers had been temporarily scared off, the ability to reassure them that there would be no problems went to little avail.

Our fear is that if we return these documents to you now that it creates a "business as usual" feeling on our part, when in fact the chances of us selling much more of these goods in 1984 are quite remote.

Although we have no objection to making a best efforts attempt at selling more of these goods in 1984, we feel that before doing so we should reach some type of understanding regarding the original guarantee in the light of the crippling effect the threatened law suits had on our ability to meet the guarantee.

Hoping you can appreciate our position and looking forward to hearing from you,

I remain,

Thomas S. Guggenheim

cc: Jim O'Brien

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PLEASE REPLY TO:
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